

# SOUTH CAROLINA DEPARTMENT OF COMMERCE

## 2003 CAPITAL INVESTMENT REPORT

### Executive Summary

#### Purpose of this Report

The 2003 Capital Investment Report is an account of announced capital investment and job creation during 2003 resulting directly from the efforts of SC Department of Commerce staff to recruit and expand businesses in South Carolina.

#### Change in Methodology

In 2003, The SC Department of Commerce counted only those projects in which it played a major role. This is different from prior years, in which Commerce counted capital investment activity reported via a survey of South Carolina facilities and county economic development organizations. Unlike prior years, the figures in 2003 report are not an indication of statewide economic activity, but rather they are an account of capital investment activity resulting from the efforts of Commerce staff.

STATEWIDE CAPITAL INVESTMENT ACTIVITY VS. SC COMMERCE ANNOUNCED PROJECTS 5 YEAR COMPARISON							
SC Department of Commerce Announced Projects				South Carolina Statewide		Capital Investment Activity*	Non-Farm Employment†
Year	Firms	Jobs	Investment	Firms	Jobs	Investment	Net Change Year Ago
2003	89	8,700	\$1,128,492,126	NA**	NA**	NA**	-23,267
2002	113	12,061	\$2,585,292,000	1,417	20,945	\$4,207,984,911	-15,000
2001	104	13,172	\$1,698,890,505	1,132	21,937	\$5,278,495,567	-36,000
2000	179	20,327	\$4,037,973,653	1,628	35,132	\$6,134,373,548	27,000
1999	97	12,202	\$2,503,190,000	1,476	29,874	\$6,377,259,483	48,900

\*Includes data collected from SC Dept of Commerce projects, County ED organizations, and survey of SC facilities.

\*\* NA= Not Applicable. Statewide capital investment activity was not tracked for 2003. Only Commerce projects were tracked.

†Source: South Carolina Employment Security Commission, Labor Market Information Division.

To understand the impact of South Carolina's capital investment activity, it is useful to understand the economic climate in which the investment has taken place. Non-farm employment dropped significantly in 2001 and continued to decline in subsequent years. 2001 marked the beginning of the current nation-wide economic recession.

#### Highlights of South Carolina Department of Commerce Investment Activity

- In 2003, Commerce assisted with the expansion or location of 89 firms creating 8,700 jobs and investing \$1.12 billion in South Carolina.
- The state's rural areas accounted for 2,972 new jobs created and \$497.4 million in capital investments. This represents 34% job creation and 44% of capital investments statewide.

- Thirty-six new firms announced the creation of 3,508 new jobs and capital investment totaling \$297.5 million. New firms represented roughly 40% of announced new jobs and 26% of announced investment.
- Manufacturing continues to be the leading sector for investment (72%) and job creation (81%). However, the service sector accounted for a significant percentage of job creation (11%) and capital investment (26%) in 2003.
- The leading manufacturing sector was metals and equipment for both capital investment (\$234.4 million) and job creation (1,439).
- The leading source nations for international investment were Germany (35%), Japan (20%) and France (18%). The leading international job creators were firms from Belgium (39%) and Germany (37%).

*South Carolina's Economic Performance: A National Perspective*

When examining South Carolina's economic performance it is helpful to understand employment changes for the U.S. as a whole.

<b>CHANGE IN EMPLOYMENT BY SELECTED INDUSTRY SECTORS 1999-2003</b>		
	<b>S.C.</b>	<b>U.S.</b>
<b>Total Employment</b>	<b>-4.29%</b>	<b>-0.34%</b>
<b>Wholesale Distribution</b>	<b>-0.96%</b>	<b>-6.46%</b>
<b>Manufacturing</b>	<b>-20.17%</b>	<b>-16.06%</b>
Textiles & Apparel	-33.68%	-35.92%
Transportation (Automotive) equip.	5.56%	-15.03%

*Source: SC Employment Security Commission, Workforce Trends*

- Like the U.S., South Carolina has experienced an overall decline in employment over the last five years as a result of economic recession and changes within certain industries.
- Manufacturing has declined significantly nationwide over the last five years. However, because South Carolina has a proportionally larger manufacturing sector than the U.S., the decline in manufacturing has had an even greater impact in South Carolina (-20%) as compared to the U.S. (-16%).
- Textile industry employment is down 34% since 1999. The state is losing jobs in the textile industry at a slightly lower rate than that of the nation.
- Even though the textile industry has declined in total employment, capital investment, and job creation, productivity levels per employee (value of shipments per job) have increased over the last five years. This suggests that the state's textile industry is more technology-intensive and less labor-intensive than in 1999.
- South Carolina experienced a 5.6% growth in the automotive industry over the last five years, even as the U.S. experienced a significant decline (-15%) over the same period.
- The firms in the automotive industry pay higher wages than firms in certain industries, such as textiles, where South Carolina is losing jobs.

## New and Existing Firms

In 2003, SC Commerce assisted with existing industry expansions of 5,192 new jobs (59.7% of total job creation) and \$830.9 million (73.6% of total investment). New industries accounted for 40.3% of total new jobs and 26.4% of total investment.

2003 CAPITAL INVESTMENT ACTIVITY BY NEW AND EXISTING FIRMS						
	FIRMS	%	JOBS	%	INVESTMENT (\$000)	%
NEW	36	40.4%	3,508	40.3%	\$297,535,000	26.4%
EXISTING	53	59.6%	5,192	59.7%	\$830,957,126	73.6%
TOTALS	89	100.0%	8,700	100.0%	\$1,128,492,126	100%

## Industry Sectors

Economic diversification is one of the key principles of South Carolina's economic development strategy. Manufacturing accounted for the majority of SC Department of Commerce facilitated job creation; however, significant job creation did occur in other sectors. Companies from the financial services sector are among the largest job non-manufacturing job creators.

SC Department of Commerce projects from the manufacturing sector continue to account for the majority of capital investment. In 2003, manufacturing represented 77 percent of investment of by new firms, 61 percent by existing firms and 74 percent of the total.

2003 DISTRIBUTION OF CAPITAL INVESTMENT AND JOB CREATION BY INDUSTRY SECTOR									
Sectors	New			Existing			Total		
	Investment	Jobs	Firms	Investment	Jobs	Firms	Investment	Jobs	Firms
<b>Manufacturing</b>	77.4%	61.1%	70.8%	59.8%	52.6%	56.9%	71.5%	81.5%	74.1%
<b>Transportation &amp; Utilities*</b>	0.0%	2.8%	1.1%	0.0%	1.3%	0.5%	0.0%	0.8%	0.2%
<b>Distribution</b>	5.7%	16.7%	10.1%	1.1%	6.4%	3.3%	2.2%	7.1%	3.5%
<b>Services**</b>	15.1%	19.4%	16.9%	39.0%	39.7%	39.3%	25.9%	10.5%	21.8%
<b>Other</b>	1.9%	0.0%	1.1%	0.1%	0.0%	0.1%	0.4%	0.0%	0.3%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
* <i>Transportation and Utilities</i> include privately owned for-profit electric power generation, telecommunications, and freight handling & transportation facilities.									
** <i>Services</i> includes some, but not all, facilities classified with an and SIC of 6000-6999, 7000-7999, or 8000-8999. <i>Services</i> includes computer related services, business services, research and development firms, financial services, privately-owned for-profit health services, and headquarters facilities that are solely office facilities. Companies that manufacture products at their headquarters locations are classified by the appropriate SIC Code for the product being produced.									

2003 CAPITAL INVESTMENT AND JOB CREATION BY INDUSTRY SECTOR									
	FIRMS			JOBS			INVESTMENTS		
Sectors	Existing	New	Total	Existing	New	Total	Existing	New	Total
Apparel	2	1	3	278	130	408	\$4,300,000	\$30,000,000	\$34,300,000
Chemicals	4	1	5	143	100	243	\$45,950,000	\$100,000,000	\$145,950,000
Food Products	2	-	2	105		105	\$30,000,000	-	\$30,000,000
Metals and Equipment	14	10	24	631	808	1,439	\$234,407,126	\$67,060,000	\$301,467,126
Other Manufacturing	-	1	1	-	60	60	-	\$4,000,000	\$4,000,000
Paper and Printing	2		2	80	-	80	\$33,500,000	-	\$33,500,000
Rubber and Plastics	5	3	8	840	145	985	\$88,300,000	\$16,450,000	\$104,750,000
Stone, Clay, Glass and Concrete	1	-	1	60		60	\$3,000,000	-	\$3,000,000
Textile Industries	2	1	3	60	50	110	\$13,500,000	\$1,500,000	\$15,000,000
Transportation Equipment	8	3	11	873	380	1,253	\$138,100,000	\$16,100,000	\$154,200,000
Wood and Furniture	1	2	3	35	172	207	\$2,700,000	\$7,500,000	\$10,200,000
<b>Manufacturing Total</b>	<b>41</b>	<b>22</b>	<b>63</b>	<b>3,105</b>	<b>1,845</b>	<b>4,950</b>	<b>\$593,757,126</b>	<b>\$242,610,000</b>	<b>\$836,367,126</b>
<b>Transportation &amp; Utilities</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>45</b>	<b>45</b>	<b>-</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>
<b>Distribution</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>58</b>	<b>225</b>	<b>283</b>	<b>\$18,600,000</b>	<b>\$21,100,000</b>	<b>\$39,700,000</b>
<b>Services***</b>	<b>8</b>	<b>7</b>	<b>15</b>	<b>2,023</b>	<b>1,393</b>	<b>3,416</b>	<b>\$215,100,000</b>	<b>\$31,325,000</b>	<b>\$246,425,000</b>
<b>Other</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>6</b>		<b>6</b>	<b>\$3,500,000</b>	<b>-</b>	<b>\$3,500,000</b>
<b>Totals for All Sectors</b>	<b>53</b>	<b>36</b>	<b>89</b>	<b>5,192</b>	<b>3,508</b>	<b>8,700</b>	<b>\$830,957,126</b>	<b>\$297,535,000</b>	<b>\$1,128,492,126</b>
* <i>Other Manufacturing</i> includes tobacco products, petroleum refining, leather products, and miscellaneous.									
** <i>Transportation and Utilities</i> include privately owned for-profit electric power generation, telecommunications, and freight transportation/distribution facilities.									
*** <i>Services</i> includes some, but not all, facilities classified with an and SIC of 6000-6999, 7000-7999, or 8000-8999. <i>Services</i> includes computer related services, business services, research and development firms, financial services, privately-owned for-profit health services, and headquarters facilities that are solely office facilities. Companies that manufacture products at their headquarters locations are classified by the appropriate SIC Code for the product being produced.									

TOP PUBLICLY ANNOUNCED JOB CREATION					
Company	Type	Product	Jobs	County	City
Wells Fargo	Existing	Home mortgages	1,000	Fort Mill	York
Sterilite Corp	Existing	Plastics	600	Clinton	Laurens
Assurant Group	Existing	Flood and hurricane insurance tracking center	560	Florence	Florence
Trane Co	New	Air conditioning components	400	Blythewood	Richland
CallTech Communications	New	Customer and technical support call center	400	Columbia	Lexington
Safe Auto Insurance Co	New	Insurance sales and services call center	300	Hemingway	Williamsburg
AvCraft Aviation	New	Turboprop-powered aircraft	280	Myrtle Beach	Horry
American Eagle Wheel Corp	Existing	Aluminum Wheels	250	York	York
Westminster Beacon LLC	Existing	Blankets	228	Westminster	Oconee
Standard Motor Products Inc	Existing	Automotive replacement parts	200	Greenville	Greenville
Nevamar Co	Existing	Decorative and industrial laminates	200	Hampton	Hampton
SwanseaNIC Inc	New	Consumer buying service center	200	Swansea	Lexington

TOP PUBLICLY ANNOUNCED CAPITAL INVESTMENT					
Company	Type	Product	Investment	County	City
Fuji Photo Film Inc	Existing	Photographic products(film, paper, cameras)	\$100,000,000	Greenwood	Greenwood
Martek Biosciences	New	Enzymes	\$100,000,000	Kingstree	Williamsburg
Sterilite Corp	Existing	Plastics	\$65,000,000	Clinton	Laurens
Ahold Information Services (AIS)	Existing	Information technology center	\$50,000,000	Greenville	Greenville
Westinghouse Electric Corp	Existing	Nuclear fuel assemblies	\$35,000,000	Columbia	Richland
Trane Co	New	Air conditioning components	\$30,000,000	Blythewood	Richland
Suminoe Textile Co LTD	New	Automobile seat fabric	\$30,000,000	Gaffney	Cherokee
Valenite Inc	Existing	Cutting tools	\$30,000,000	Westminster	Oconee
Georgia-Pacific Dixie Products	Existing	Paper plates	\$28,000,000	Darlington	Darlington
Wells Fargo	Existing	Home mortgages	\$25,000,000	Fort Mill	York

## International Firms

During 2003, the SC Department of Commerce assisted 22 international firms with nearly \$572 million announced investment and 1,475 announced new jobs. Firms from Belgium and Germany were the largest job creators. German, Japanese, and French-owned firms accounted for the majority of international capital investment for 2003.

<b>2003 INTERNATIONAL CAPITAL INVESTMENT AND JOB CREATION BY COUNTRY</b>						
Country	Investment	%	Jobs	%	Firms	%
BELGIUM	\$22,000,000	4%	570	39%	2	9%
FRANCE	\$105,500,000	18%	50	3%	2	9%
GERMANY	\$199,060,000	35%	544	37%	8	36%
ITALY	\$5,000,000	1%	0	0%	1	5%
JAPAN	\$111,500,000	20%	128	9%	4	18%
NETHERLANDS	\$50,000,000	9%	75	5%	1	5%
SWEDEN	\$30,000,000	5%	15	1%	1	5%
SWITZERLAND	\$2,450,000	0%	43	3%	1	5%
UNITED KINGDOM	\$46,000,000	8%	50	3%	2	9%
<b>TOTAL</b>	<b>\$571,510,000</b>	<b>100%</b>	<b>1,475</b>	<b>100%</b>	<b>22</b>	<b>100%</b>

Reported investment and job creation figures include information that individual firms requested remain confidential. To further protect confidentiality, the letter "C" is used in place of certain numbers.

<b>2003 INTERNATIONAL CAPITAL INVESTMENT BY INDUSTRY SECTOR</b>						
MAJOR SECTORS	FIRMS	%	JOBS	%	INVESTMENTS	%
Apparel	-	-	-	-	-	-
Chemicals	2	9.1%	93	6.3%	\$37,450,000	6.6%
Food Products	-	-	-	-	-	-
Metals and Equipment	5	22.7%	189	12.8%	\$196,660,000	34.4%
Miscellaneous Manufacturing	-	-	-	-	-	-
Paper and Printing	-	-	-	-	-	-
Rubber and Plastics	1	4.5%	70	4.7%	\$8,000,000	1.4%
Stone, Clay, Glass and Concrete	1	4.5%	60	4.1%	\$3,000,000	0.5%
Textile Industries	2	9.1%	60	4.1%	\$13,500,000	2.4%
Transportation Equipment	5	22.7%	240	16.3%	\$122,400,000	21.4%
Wood and Furniture	-	-	-	-	-	-
<b>Manufacturing Totals</b>	<b>16</b>	<b>72.7%</b>	<b>712</b>	<b>48.3%</b>	<b>\$381,010,000</b>	<b>66.7%</b>
<b>Transportation &amp; Utilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distribution</b>	<b>2</b>	<b>9.1%</b>	<b>8</b>	<b>0.5%</b>	<b>\$11,500,000</b>	<b>2.0%</b>
<b>Services</b>	<b>4</b>	<b>18.2%</b>	<b>755</b>	<b>51.2%</b>	<b>\$179,000,000</b>	<b>31.3%</b>
<b>Total for All Sectors</b>	<b>22</b>	<b>100.0%</b>	<b>1,475</b>	<b>100.0%</b>	<b>\$571,510,000</b>	<b>100.0%</b>

TOP PUBLICLY ANNOUNCED JOB CREATION BY INTERNATIONAL COMPANIES						
Company	County	City	Type	Jobs	Product	Country
Assurant Group	Florence	Florence	Existing	560	Flood and hurricane insurance tracking center	Belgium
Ahold Information Services (AIS)	Greenville	Greenville	Existing	75	Information technology center	Netherlands
Fraenkische USA	Anderson	Anderson	New	70	Automobile hose	Germany
SC Yutaka Technologies (SCYT)	Kershaw	Lugoff	Existing	70	ATV steering	Japan
Lang-Mekra North America LLC	Fairfield	Ridgeway	Existing	60	Mirror systems for commercial vehicles	Germany

TOP PUBLICLY ANNOUNCED CAPITAL INVESTMENT BY INTERNATIONAL COMPANIES						
Company	County	City	Type	Investment	Product	Country
Fuji Photo Film Inc	Greenwood	Greenwood	Existing	\$100,000,000	Photographic products	Japan
Ahold Information Services (AIS)	Greenville	Greenville	Existing	\$50,000,000	Information technology center	Netherlands
Westinghouse Electric Corp	Richland	Columbia	Existing	\$35,000,000	Nuclear fuel assemblies	United Kingdom
Valenite Inc	Oconee	Westminster	Existing	\$30,000,000	Cutting tools	Sweden
Assurant Group	Florence	Florence	Existing	\$14,000,000	Flood and hurricane insurance tracking center	Belgium

## County Capital Investment Activity

During 2003, the SC Department of Commerce facilitated \$497.4 million in capital investment and 2,972 jobs from 34 firms in South Carolina's Non-MSA counties. Non-MSA areas accounted for roughly 44 percent of capital investment and 34 percent of job creation.

<b>SOUTH CAROLINA CAPITAL INVESTMENT ACTIVITY by MSA v. Non-MSA Counties</b>						
	<b>Investment</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>	<b>Firms</b>	<b>%</b>
Non-MSA Counties	\$497,400,000	44.1%	2,972	34.2%	34	38.2%
MSA Counties	\$631,092,126	55.9%	5,728	65.8%	55	61.8%
South Carolina	\$1,128,492,126	100.0%	8,700	100.0%	89	100.0%

The following table shows capital investment by Rural Development Act County Classifications. South Carolina's Distressed Counties account for 19.5% of Commerce assisted investment and 15.9 percent of job creation in 2003. Counties in the top development tiers (Developed and Moderately Developed) account for nearly 60% of investment and over 70% of new jobs created in South Carolina.

<b>SOUTH CAROLINA CAPITAL INVESTMENT ACTIVITY by Rural Development Act County Classifications</b>						
<b>County Classifications</b>	<b>Investment</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>	<b>Firms</b>	<b>%</b>
Distressed	\$219,650,000	19.5%	1,385	15.9%	16	18.0%
Least Developed	\$226,650,000	20.1%	1,220	14.0%	12	13.5%
Under Developed	\$11,207,126	1.0%	135	1.6%	4	4.5%
Moderately Developed	\$195,950,000	17.4%	1,672	19.2%	17	19.1%
Developed	\$475,035,000	42.1%	4,288	49.3%	40	44.9%
South Carolina	\$1,128,492,126	100.0%	8,700	100.0%	89	100.0%



<b>ANNOUNCED CAPITAL INVESTMENT AND JOB CREATION BY COUNTY</b>			
County	Job Creation	Investments	Firms
Abbeville	-	\$5,000,000	1
Aiken	25	\$1,000,000	1
Allendale	43	\$2,450,000	1
Anderson	250	\$28,000,000	6
Barnwell	192	\$4,800,000	1
Berkeley	18	\$5,000,000	1
Calhoun	40	\$7,200,000	1
Charleston	253	\$32,010,000	6
Cherokee	160	\$31,900,000	2
Chester	100	\$10,000,000	1
Chesterfield	372	\$70,350,000	4
Clarendon	185	\$16,300,000	4
Darlington	60	\$28,000,000	1
Dorchester	128	\$4,025,000	3
Fairfield	135	\$13,500,000	3
Florence	725	\$28,150,000	4
Greenville	620	\$250,100,000	11
Greenwood	-	\$100,000,000	1
Hampton	200	\$8,000,000	1
Horry	425	\$10,000,000	3
Jasper	90	\$4,000,000	2
Kershaw	70	\$7,000,000	1
Lancaster	60	\$3,000,000	2
Laurens	600	\$65,000,000	1
Lexington	600	\$2,000,000	2
Marion	58	\$6,000,000	2
Oconee	297	\$37,800,000	3
Pickens	35	\$1,007,126	1
Richland	560	\$85,000,000	4
Spartanburg	77	\$80,000,000	4
Williamsburg	470	\$109,000,000	4
York	1,852	\$72,900,000	7
<b>South Carolina</b>	<b>8,795</b>	<b>\$1,142,492,126</b>	<b>89</b>

## **Methodology**

### ***PURPOSE OF THIS REPORT***

- The Capital Investment report provides an account of announced capital investment and job creation during 2003 resulting directly from the efforts of SC Department of Commerce staff to recruit and expand businesses in South Carolina. The report is intended as tool for benchmarking the annual performance of the SC Department Commerce, as well as a tool for measuring the economic progress of South Carolina.

### ***WHAT ARE CAPITAL INVESTMENTS?***

- Capital investments are expenditures by new and expanding industries for capital equipment, buildings and land.

### ***WHAT IS TRACKED?***

- Investment and job creation by manufacturing, distribution/warehousing, research and development, headquarters, computer related services, privately owned for-profit health services, financial services, privately owned power generation, and corporate office facilities.

### ***SOURCES OF DATA***

- Companies assisted by South Carolina Department of Commerce project managers resulting in a 2003 announcement or commitment to expand, relocate or start-up a business in South Carolina.

Please note 2003 change in methodology: Unlike prior years, in 2003 only Commerce projects were counted. In years prior to 2003, other sources of data were used, including a survey of SC facilities and SC counties.

### ***CONFIDENTIAL INVESTMENT DATA***

- Many companies that invest in South Carolina request confidentiality, usually to protect competitive information. Confidential investment data are tracked and included in overall state totals; however, confidential data may be suppressed when displaying investment figures by locale, industry sector, or any other category of information where investment subtotals are derived.